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SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

FEBRUARY 11, 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

An HBJ PUBLICATION

Commerce report says industry feeling the pinch

WASHINGTON, DC—Last year's economic woes took their toll on overall beverage consumption and container production, reports the Commerce Department's U.S. Industrial Outlook.

High unemployment and consumer concern about the sluggish economy resulted in more conservative purchasing patterns for alcoholic beverages, where per capita consumption "declined fractionally," the agency noted. However, purchasers seemed to prefer imported beers and wines, so the domestic industry spent an estimated $1.2 billion in advertising last year in an effort to increase consumption and improve market share.

Malt beverage dollar volume rose 8.4% to $11 billion in 1982, but when adjusted for inflation, the increase was equivalent to 1.2% compared with the 4% average annual growth experienced in the last decade. The consumption slowdown reflects "the growing proportion of elderly persons in the population and the diminishing number of new users reaching the legal drinking age," Commerce claims.

But those consumers remaining faithful and loyal to their brews found that retail prices rose only 5% due to intense industry competition, compared with an 8% price hike between 1977-1981. In-

(Continued on page 30)

Measuring plant line efficiency: performance + maintenance + qc

SPECIAL REPORT—What is line efficiency? How do you determine it? Is it a true measure of line capacity? How do you design a line to maximize efficiency?

These questions have long plagued plant operators, equipment suppliers and line designers. There are no clear cut answers, even the experts disagree.

One thing they do agree on, however, is that true line efficiency will be greatly affected by plant personnel performance, maintenance and quality control.

Quality control? Yes, quality control of incoming materials. Eight out of 10 suppliers who offer equipment to the beverage industry made this point in a recent telephone survey. "If my equipment is not provided with the proper corrugated cases, it will not run at the highest rate of efficiency."

Here's another:

"We recently installed a high speed filler in a new line. It was a smooth installation and everything checked out fine at the end of three months. A couple of weeks after we cleared out of the plant, we got a call telling us that production was going to hell in a hand basket.

"We rushed a sales engineer out there and we found that this guy had picked up several truck loads of bad glass and the bottles were exploding all over the place."

Advice from those experts: the quality control function should not just be limited to checking incoming ingredients, responsible individuals have got to check incoming

(Continued on page 28)

BI Week

• Royal Crown Cola has won its first legal skirmish, this one the suit by Joyce Beverages, NY, asking for an injunction to prevent RC from removing its franchise if the bottler signed an agreement with Seven-Up to produce and

(Continued on page 29)

Pres. Reagan shoots down tampering bill

WASHINGTON, DC—On the coattails of the Tylenol controversy came the 97th Congress' attempt at giving the soft drink industry a New Year's gift—a law making it a felony for tampering with food, drugs, devices or cosmetics. But President Reagan

(Continued on page 27)

STATISTICAL REF INDEX
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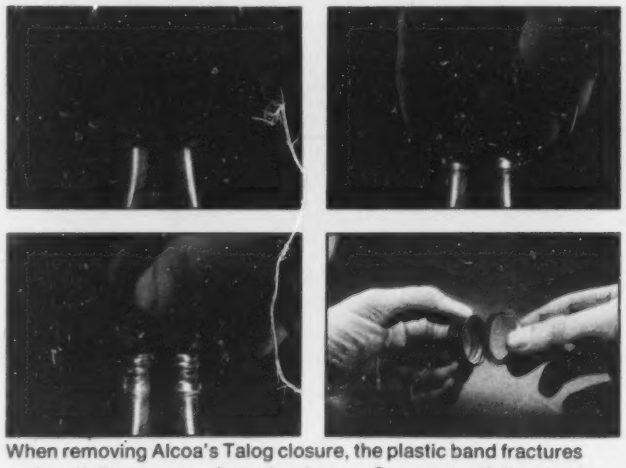
BI Package of the Week



When removing Alcoa's Talog closure, the plastic band fractures and partially separates from the closure. Once opened, the plastic element can be removed from the cap.

Alcoa's Talog closure is plastic, aluminum combo

RICHMOND, IN—Starting early in 1983, test quantities—up to 10,000—of Talog closures will be available from Closure Systems International, located here.

The new closure was developed by the Alcoa Div.'s German affiliate, Alcoa Deutschland, and is in use in several European markets. It can be used on both glass and plastic.

First look at the closure for the U.S. markets was at the recently concluded NSDA exposition in Atlanta. Samples were shown and information was made available by key executives.

Talog (the name has been trademarked by Alcoa) combines the aluminum roll-on concept with a mechanical plastic pilferproof/tamper-evident band. The components are preassembled and supplied to bottlers for application using current RO equipment.

The pilferproof band is a circumferential hook that catches under the standard pilferproof locking ring on the bottle. The band is carried in a retaining "groove" in the unapplied aluminum shell (Fig. 1, page 28).

During topsiding the plas-

(Continued on page 28)

Contents

Line efficiency analyzed in report

What constitutes line efficiency? In a special **BI** report, the topic is discussed with a number of experts in the field.

Three aspects of line efficiency — quality control, maintenance and top management involvement — are the first aspects discussed in the report.

Virtually all sources **BI** talked with agreed that speed of the equipment is a factor, but not the only one. Many of them express resistance at the predominant industry opinion that speed and performance up to speed is the single most important aspect.

Most of the experts agreed that output matters much more than efficiency or speed, stressing that it is important to know what a line's capacity is in getting the product out there to meet sales demands and inventory requirements. See **page 1.**

'Sound investments' include A-B, Pepsi

According to a third quarter report by beverage analyst Joseph Doyle of Smith Barney Harris Upham and Co., the beer and soft drink industries remain sound investments, even in spite of the recession.

Doyle adds that Anheuser-Busch and PepsiCo are his first investment choices.

Doyle reports volume and earnings momentum are very strong, margins are expanding and earnings forecast from Wall Street are being increased for A-B. He also cites the A-B-owned St. Louis Cardinals victory in the World Series over Milwaukee as another reason for success.

As for Pepsi, Doyle says the company's disappointing earnings in this past year's second half created a good '83 purchase opportunity.

The report also shows that third quarter volume was not as great as anticipated in both industries, and growth should be slow but not devastating. See **page 4.**

Conveyor technology discussed in column

Jerry East, president, sales, of the Simplimatic Engineering Co. authored a special report for **BI** in which he discusses the growing need for speed filling and transporting lines for lightweight aluminum beverage and beer cans.

According to East, this need is being met by conveyor technology which combines precision assemblies with acceleration/deceleration techniques that protect cans from jamming and damage.

In 1982, Simplimatic Engineering Co. (SECO) helped to convert three high-speed two-piece steel can lines to aluminum. One operates at up to 3,000 cans per minute. For diagrams and information, see **page 14.**

'82 NSDA coverage cont'd in this issue

Extensive booth coverage from the NSDA convention in Atlanta, Nov. 30 through Dec. 2, continues in this issue.

Advertising and promotion materials, computer systems, quality control, secondary and tertiary packaging systems, sanitizers and other areas are covered thoroughly.

Coverage is extensive because many exhibitiors were introducing new products and trends while at the '82 InterBev Conference and NSDA expo, where approximately 14,700 soft drink execs, exhibitors and guests were on hand. That total is about 300 more than the last record-setting Atlanta meeting.

Plant renovation in 10 steps

Plant renovation is a truly fascinating subject, says **BI's** John Shaw, contributing editor of facilities planning, but one that's riddled with possible dangers.

In a special article, Shaw outlines 10 steps, that, if followed properly, many hazards can be kept to a minimum. See **page 16.**

Departments

Ad Index 40
Classified 36
Editorial 42
New Literature 34
New Products 34
New Makers 32
Reader Service 7
Supply House 33

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FEBRUARY 11, 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

Report calls soft drinks, beer 'sound investments'

SPECIAL REPORT—In spite of the recession, the beer and soft drink industries remain sound investments, a third quarter report by a market analyst says.

Joseph Doyle of Smith Barney Harris Upham and Co. adds that Anheuser-Busch and PepsiCo are his first investment choices.

Doyle says volume and earnings momentum is very strong, margins are expanding and earnings forecast from Wall Street are being increased for Anheuser-Busch. In addition, their wholly owned St. Louis Cardinals won the World Series.

About PepsiCo, Doyle says disappointing earnings in this year's second half has created a good purchase opportunity.

Doyle says that while both soft drink and beer stocks are traditionally unaffected by a recession, they're now also benefitting from disinflation because while product prices are decreasing, costs are decreasing at an even greater rate.

Doyle's report also shows that third quarter volume was not as great as anticipated in both the beer and soft drink industry.

As a result, it's anticipated at consumption for the year will only be up about 1% in the beer industry and 2.7% in the soft drink industry.

Slow growth rates for the

(Continued on page 10)

The light beer category
(millions of 31-gallon barrels)

	1980	1981	1982
Light category	22.4	26.5	31.0
As % of total industry	12.6%	14.5%	16.7%
% growth from year before	+15.0%	+18.3%	+17.0%
Major brands			
Lite Miller	12.8	15.3	16.0
Natural Light	2.3	2.0	1.6
Michelob Light	2.3	2.6	2.6
Budweiser Light	—	—	3.2
Total Anheuser	4.6	4.6	7.6
Coors Light	2.2	3.0	2.7
Pabst Light	0.5	0.4	0.3
Schlitz and Old Milwaukee	0.5	0.6	0.6
All Others	1.8	2.6	3.8
—Lite as % of category	57%	58%	52%
—Total Anheuser as % of Category	21%	17%	25%

Source: Smith Barney, Harris Upham & Co.

Copyright: Beverage Industry February 11, 1983

Labatt's Light introduced in 4 U.S. cities

DES PLAINES, IL — Labatt's Light, the first Canadian light beer to reach the U.S., was made available recently in selected U.S. test markets, namely Boston, Detroit, Buffalo and Rochester.

The beer is now available in 28 states, but probably won't go national for about three to four years, according to Linda Thomas, marketing manager of Labatt Importers, Inc. located here.

"We hope to roll out in additional markets in the spring," Thomas added.

Company officials believe the solid success of Labatt's Light in Canadian markets prompted its introduction into the U.S.

The launch of Labatt's Light in the four markets is being supported by a magazine and newspaper advertising campaign with ad insertions in both local and regional editions of national publications. A public relations program that includes selected product sampling is in the works to give additional marketing support.

Light's advertising budget has reached in excess of $300,000 per year in each test market area, Thomas said. The "selected product sampling" is conducted in certain bars and other establish-

(Continued on page 9)

Can sales outstrip market as Europe's SD sales grow

LONDON—Despite the European recession, Canadean European Soft Drinks Service's preliminary estimates indicate a 3% rise in consumption of carbonated soft drinks. This compares with a growth of less than 1% in 1981 and an actual decline of 2% in 1980. The recovery was fairly widespread across Europe, says Canadean.

Of the seven major markets which account for 88% of total European soft drinks consumption, only Spain and Holland registered volume declines this year. The remaining five enjoyed well above average growth. In Germany, which accounts for nearly a third of total carbonate consumption, volume sales are projected to have risen 4%. Increases of 6% are expected in the United Kingdom and Italy, 5% in France.

Overall, can sales are projected to show the greatest increases. The UK enjoyed a 25% jump in consumption of canned carbonates. Elsewhere in Europe, sales of carbonates in cans will have shown similar gains in 1982. In Germany, they were up by 10%; in Spain, 8%; France, 21%; and further growth was experienced in Italy.

Canadean reports the main reason for the jump in Italy's can sales has been the competitive battle between Seven-Up and Sprite, which together account for the vast majority of the lemon-lime segment there.

In Spain, where the lemon-lime segment has been boosted

(Continued on page 12)

Italy carbonates: lemon-lime segment by brand 1981-1982

	1981 m litres	1982e m litres	% Change
Sprite (Coca-Cola)	20	30	50
Seven-Up	5	15	200
Laimsix (Fonti Levissima)			
Frees (San Benedetto)	1	5	400
Schweppes (premium) Gassose			
Total	26	50	92

e: preliminary estimate

Source: Canadean European Soft Drinks Service.

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European carbonates consumption overview: 1981 vs 1982
(m litres)

	1981	1982*	% Change
Germany	4,662	4,848	4.0
UK	1,975**	2,100	6.3
Spain	1,929**	1,890	−2.0
Italy	1,545	1,635	6.0
France	1,152**	1,210	5.0
Netherlands	836	819	−2.0
Belgium	569	590	4.0
Total	12,668	13,092	3.3

Note: The seven countries account for 88% of total European soft drinks consumption (15 country basis)
* preliminary estimates
** revised

Source: Canadean European Soft Drinks Service

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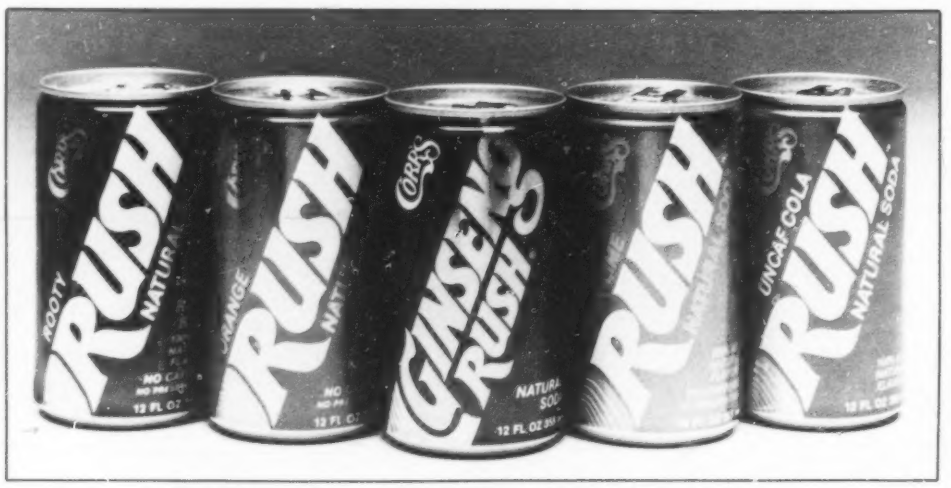

Corr's Beverage offers five in 12 oz. cans

CHICAGO, IL—Corr's Herbal Beverage Co. is now offering five of its 10 flavor soft drink line in 12 oz. aluminum cans.

Ginseng Rush, Rooty Rush, Cola Rush, Lemon-Lime Rush and a new flavor, Orange Rush, are available in this new package.

The cans are color-coded to their contents with the company name, Rush, the center of focus. The line of drinks are billed as "natural soda."

"All are caffeine-free, use no preservatives, and contain nothing that is artificial or synthetic," said Robert Corr, founder and owner of the company.

The cans come in plastic Hi-Cone holders and are available in many health food stores around the country.

• For more information on **Corr's Herbal Beverages,** circle no. 223

Investments

(Continued from page 4)

year are being blamed on the economy and the high unemployment rate, plus cool weather.

In spite of these slow gains, Anheuser-Busch should continue to accelerate to 8.3-8.8% and its overall market share should reach 32%, compared to an expected 22% share for second place Miller, which will probably go unchanged from last year's share, the report says.

Other brewers are showing negligible changes in their market share. The Stroh's-Schlitz-Schaefer combination is expected to have a 12.2% share, down .6%; 7.8% for Heileman, up .1%; and 6.8% for Coors, 6.6% for Pabst and 2.9% for Olympia, all down in shares.

In the soft drink industry, Doyle foresees only PepsiCo, Seven-Up and Crush making industry gains, but only Seven-Up's should be meaningful.

Price increases in both the beer and soft drink industry have been decelerating, and the rate of disinflation has been greater than expected. Projections for 1982 are a 2.9% price increase for soft drinks and a 4.9% for beer.

Costs have been down for both the beer and soft drink industry, and although further drops aren't expected, Doyle says high rates of reaccelerated costs aren't anticipated either. Costs, however, will be up in 1983, the report says.

Costs in both industries are expected to remain fairly stable with only slight increases. Bottle and can costs, which are about 40% of the total wholesale cost will also stay stable, mostly because of manufacturing overcapacity, the report says.

Doyle's reaction to the announcement that Anheuser-Busch plans to purchase Campbell Taggart for $570 million was "mildly negative."

The reaction was not because Doyle views Campbell Taggart, the second largest company in bread and baked goods in the country, as unattractive, but because any acquisition would dilute Anheuser-Busch's expected high rate of earnings.

Campbell Taggart is projected to grow at its historical 12% rate, which Doyle says is excellent for the baked goods industry.

Doyle says since this is an excellent outlook, he still views Anheuser-Busch favorably.

The report suggests that investors not look at the soft drink or beer industry as a whole, but to be selective. And it concludes that Anheuser-Busch and PepsiCo are still the best investments in the industry.

Top brewers' volume share of market 1965-85E

(millions of 31-gallon barrels)

% Market Share	1965	1975	1978	1979	1980	1981	1982E	1985E
Anheuser-Busch	11.7%	23.4%	25.1%	26.8%	28.2%	29.8%	32.0%	34.5%
Miller	3.7	8.6	18.9	20.7	21.0	22.0	22.0	23.6
Heileman	1.0	3.0	4.3	6.5	7.5	7.7	7.8	8.8
Schlitz	8.5	15.5	11.8	9.7	8.4	7.8	7.5	6.9
Stroh's-Schaefer	—	7.3	6.2	5.6	5.5	5.0	4.8	5.2
Pabst*	8.1	10.4	9.3	8.7	8.5	7.4	6.6	5.5
Coors*	3.6	7.9	7.6	7.5	7.8	7.3	6.8	6.8
Olympia	—	4.4	4.0	3.5	3.4	3.1	2.9	2.5
All Others	63.4	19.4	12.8	10.9	9.7	9.9	9.7	6.2
A-B and Miller	15.4	32.0	44.0	47.5	49.2	51.9	54.0	58.1
% Point change in annual market share(s)								
Anheuser-Busch	—	+1.2	+0.6	+1.7	+1.4	+1.6	+2.2	+0.8
Miller	—	+0.5	+3.4	+1.8	+0.3	+1.0	0.0	+0.5
Heileman	—	+0.2	+0.4	+2.2	+1.0	+0.2	+0.1	+0.3
Schlitz	—	+0.7	−1.2	−2.1	−1.3	−0.6	−0.4	−0.1
Stroh's-Schaefer	—	—	−0.3	−0.6	−0.1	−0.5	−0.1	+0.1
Pabst*	—	+0.2	−0.4	−0.6	−0.2	−1.1	−0.8	−0.4
Coors*	—	+0.4	−0.1	−0.1	+0.3	−0.5	+0.4	0.0
Olympia	—	—	−0.1	−0.5	−0.1	−0.3	−0.2	−0.1
All Others	—	−3.2	−2.2	−1.9	−1.1	+0.2	−0.2	−1.2
A-B and Miller	—	+1.7	+4.0	+3.5	+1.7	+2.6	+2.1	+1.4
Industry volume	**100.8**	**150.3**	**165.8**	**172.6**	**177.9**	**182.8**	**185.0**	**207.5**
Anheuser-Busch	11.8	35.2	41.6	46.2	50.2	54.5	59.3	71.5
Miller	3.7	12.9	31.3	35.8	37.3	40.3	40.7	49.0
Heileman	1.0	4.5	7.1	11.2	13.3	14.0	14.5	18.3
Schlitz	8.6	23.3	19.6	16.8	15.0	14.3	13.8	14.5
Stroh-Schaefer	—	11.0	10.2	9.6	9.7	9.1	8.8	10.8
Pabst*	8.2	15.7	15.4	15.1	15.1	13.5	12.3	11.0
Coors*	3.6	11.9	12.6	12.9	13.8	13.3	12.5	14.1
Olympia	—	6.6	6.7	6.0	6.1	5.7	5.3	5.2
Total Top Six	36.9	103.5	127.6	138.0	144.7	149.9	153.1	178.4
% Market Share of Top Six	36.6%	68.9%	77.0%	80.0%	81.3%	82.0%	82.8%	86.0%
% Share of A-B and Miller	15.4%	32.0%	44.0%	47.5%	49.2%	51.9%	54.1%	58.1%

E—Estimated by SBHU.

Note: Stroh's and Schaefer historical data are combined even though these companies were separate until 1980. Stroh's acquired Schlitz in June 1982, but we show the data separately. Pabst and Olympia are in the process of merging.

(a) Market share point changes *per annum* shown for 1965-75, 1975-78, and 1982-85 periods.

*Smith Barney, Harris Upham & Co., Incorporated usually maintains a market in the securities of this company.

Source: Company reports

Copyright: Beverage Industry February 11, 1983.

Top soft drink companies' share of market 1968-83E

Market share	1968	1975	1979	1980	1981	1982E	1983E
Coca-Cola	34.4%	34.8%	34.6%	34.9%	34.9%	34.9%	35.0%
PepsiCo	22.1	22.1	24.6	24.7	25.4	25.5	25.8
Dr Pepper	3.5	5.9	6.7	6.8	6.6	6.2	6.1
Canada Dry	3.7	3.5	2.9	2.8	2.7	2.7	2.7
Seven-Up	7.7	8.4	7.0	6.7	6.4	6.7	6.9
Royal Crown	7.2	5.7	4.5	4.4	4.2	4.2	4.1
Crush	2.7	3.3	3.7	3.7	3.7	3.8	3.9
All Others	18.8	16.9	16.1	16.0	16.0	15.8	15.5
Point change in annual market share (a)	**1968**	**1975**	**1979**	**1980**	**1981**	**1982E**	**1983E**
Coca-Cola	—	+0.1	−0.1	+0.3	0.0	0.0	+0.1
PepsiCo	—	0.0	+0.6	+0.1	+0.3	+0.1	+0.3
Dr Pepper	—	+0.3	+0.2	+0.1	−0.2	−0.4	−0.1
Canada Dry	—	0.0	−0.2	−0.1	−0.1	0.0	0.0
Seven-Up	—	+0.1	−0.4	−0.3	−0.3	+0.3	+0.2
Royal Crown	—	−0.2	−0.3	−0.1	−0.2	0.0	−0.1
Crush	—	+0.1	+0.1	0.0	0.0	+0.1	+0.1
All Others	—	−0.3	−0.1	−0.1	0.0	−0.1	−0.3
Addendum							
Industry Volume (288 oz. cases, millions)	**2,025.7**	**2,791.9**	**3,732.3**	**3,866.7**	**3,992.5**	**4,100.0**	**4,265.0**
% Change from prior period	—	+4.7%	+7.5%	+3.6%	+3.2%	+2.7%	+4.0%
% Annual Growth over prior 5 years	—	+4.3	+6.3	+6.7	+5.0	+3.9	+3.5

E—Estimates by SBHU.

(a) 1968-1975 and 1975-1979 periods show market share point changes are *per annum*.

Note: All data compiled by SBHU. Dr Pepper and Canada Dry merged in early 1982, but their data is shown separately.

Source: Smith Barney, Harris Upham & Co.

Copyright: Beverage Industry February 11, 1983.

Leopard Beer introduced in West in 25 oz. bottles

Leopard packages now available in the west include, from left, the new 25-oz. bottle and the traditional 12-oz. bottle.

IRVINE, CA—Leopard Deluxe Lager Beer of Leopard Brewery Ltd. of New Zealand has introduced a new 25 oz. bottle in 13 western states.

Leopard is imported by the Wisdom Import Sales Co., Inc., located here, and will be available to Wisdom retailers this month in the new size.

The beer is also offered in 12 oz. bottles in six-pack carriers.

Artwork on the new 25 oz. bottle features the same scenic label as the 12 oz. size package.

The new bottle is designed for single bottle sales, but it's available in a 12 bottle master carton also.

Leopard is one of New Zealand's most popular beers and has won a variety of international awards including first place at the International Brewing, Bottling and Allied Trades Exhibition in London in 1976. Leopard topped entries from 23 countries in the International Bottled Lager Division.

"The oversized packages are among the fastest growing segments of the import beer market here in the west, and we believe this new larger Leopard bottle will significantly expand awareness and sales for the brand in our market area," said John Marches, Wisdom's executive vice president.

The 13 states that the new package is available in include California, Arizona, Wyoming, Oregon, New Mexico, Colorado, Nevada, Idaho, Utah, Hawaii, Montana, Washington and Alaska.

Pepsi bottler's safari promotion wins O-I prize

TOLEDO, OH—The Pepsi-Cola Bottling Co. of Ft. Lauderdale-Palm Beach, Inc., has won the grand prize in the 1982 Owens-Illinois, Inc., "Thirst for Adventure" promotion.

That bottler's idea to promote soft drinks in Single Service Plasti-Shield bottles was judged best among 40 prize-winning entries in the second part of O-I's national contest for bottlers.

The 10 members of the winning team win a vacation at The Homestead, a luxury mountain resort located on 16,000 acres at Hot Springs, VA. They had a choice between an ocean cruise, a white water rafting expedition or a resort vacation.

The team used palm-thatched booths in supermarkets to encourage consumers in five communities to sample and purchase Pepsi-Cola and allied brands of soft drinks in specially priced 16-oz. Single Service Plasti-Shield bottles in four-unit Contour-Pak carriers.

Costumed team members dispensed complimentary

(Continued on page 20)

Hopkins

(Continued from page 11)

Hopkins said an attempt to curb that neglect can be seen in a proposed industry-subsidized publication aimed at the infrequent wine consumer.

"Most articles and magazines tend to be about fine wines and go over peoples' heads," he said. "This new publication would be for retailers and consumers who are interested in wine but not yet comfortable with it. Our current wine market is limited, but the potential has hardly been tapped."

Executive suggests ways to get most for machinery

BRISTOL, CT—Many industrial companies have been re-evaluating themselves intensely ever since the U.S. economy fell into a recession, says Gavlick Machinery Corp., the largest used machinery stocking dealer in the country.

And what many companies have found, after taking a closer look at themselves, is that they can shut down product lines, sell their equipment and use the money they obtain to improve their profits.

"But many companies are only getting what they think the equipment and machinery is worth, not what the equipment and machinery is really worth," contends Richard E. Gavlick, president of the company.

Gavlick has offered some simple pointers in getting the real value for equipment and machinery:

He says not to pirate parts from the machine for other equipment in a prospective plant. In most cases, the removal of parts from one machine will substantially lessen the resale value of that machine to a greater degree than the cost of a new spare part.

Secondly, where possible, Gavlick suggests leaving products on the machine that the machine was running. He cites examples: on a strander, leave bobbins in the cradle and strand in the machine and on the spooler; or in the case of a wire drawing machine, leave it strung up, he says. This enables the potential buyer to see the finished product as well as to help him easily understand its operation.

Where possible, says Gavlick, do not remove equipment from its location, leaving it with the power on. An extruder, cabler or closer will bring higher dollars if it can be seen in place and under power.

buyer inspection

Gavlick maintains that all machinery must be clean and in good working condition; other spare parts, components or accessories should be placed properly alongside of it, such as change gears, capstans, cradles and trunnions. Also, he suggests that machinists make sure the machinery has sufficient space around it to enable a proper inspection by potential buyers. If a buyer cannot properly inspect a machine because of its inaccessibility, he says, he is automatically

(Continued on page 22)

More than 5,000 compete in Canada Dry's contest

Shortly after the contest broke, Evelio Tabio, finance manager, and Mercy Acevedo, secretary/receptionist, opened the mail for a portion of the more than 5,000 entries received.

MIAMI—Over 5,000 area consumers were entrants in this year's recently-concluded "Dinner For Two" contest sponsored by the local Canada Dry Bottling Co.

This is the second year the bottler has conducted the contest and according to Matt Russ, general sales manager, both years have been resounding successes.

The contest accomplishes two things, says Russ. It increases sales of Canada Dry club soda and it affiliates the brand with 25 top area restaurants, all Canada Dry customers.

The contests are promoted in area newspapers and with entry blank/neck hangers on club soda bottles. Winners are selected at random and receive a free dinner for two at one of the area restaurants. A dinner for two is also awarded to the retailer named on the entry blank. In all, 50 dinners are awarded.

European SDs

(Continued from page 4)

by the entry of Seven-Up and Sprite, sales were up 45% in the first six months and will have accelerated in the second half of the year.

Seven-Up, backed by new owner Philip Morris, is clearly moving to expand from its established base in the Netherlands, Canadean suggests. New launches in Italy, Spain and Belgium, as well as the fact that Seven-Up has changed its UK franchise from Schweppes to Beechum, Britain's largest soft drink manufacturer, support this.

UK carbonates: packaging based on apparent consumption

	1981		1982e		
	%	m litres	%	m litres	% Change
Cans					
Sales		373		455	22.0
Imports		33e		50	51.5
Exports		18e		20	11.1
Consumption	19.5	388	23.0	485	25.0
PET	15.0	300	17.0	360	20.0
Bulk	7.0	135	7.0	148	7.6
RB	44.0	865	39.5	830	−4.0
NRB	14.5	287	13.5	277	−3.5
Total	**100.0**	**1975**	**100.0**	**2100**	**6.3**

e: preliminary estimates
RB: Returnable glass Bottles
NRB: Non Returnable glass Bottles

Source: Canadean; European Soft Drinks Service

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Commerce

(Continued from page 1)
roads made by imported beers were substantial, the department added, where the value of imports jumped 14% and the quantity rose 10%. "Taste characteristics of imported beers are important reasons for their popularity," the outlook stated.

wine sales

Domestic wine sales were off as well, where consumption rose only 3% last year, after rising over 6% annually since 1977-1981. Here too, imports accounted for a large segment of the wine market, "helped by the strengthened purchasing power of the U.S. dollar and the buying patterns of cost-conscious consumers."

Commerce noted that last fall, the price of a 1.5 liter bottle of "good" imported wine was 15 - 30% below comparable domestic wines. Consequently, imports' share of the table wine market rose 5% last year and approximately 26% of wine consumption was attributed to imports.

Nevertheless, the growing popularity of wine among young adults had encouraged domestic producers to expand production. Since 1970, the number of California wineries has almost doubled, Commerce reported. While wholesale domestic wine prices rose 9% last year, consumer prices only jumped 5% compared with an annual average hike of 9% from 1976 to 1981.

alcoholic beverages

The overall outlook for the alcoholic beverage industry this year is mixed, Commerce claims. Major consumption gains are unlikely since the drinking age population will continue its slow growth and competition among rival products for a larger market share should intensify. As for the long run, the department predicts that between 1982 and 1987, the value of alcoholic beverage shipments should rise 4% annually.

The trends in the alcoholic beverage industry are also evident for canned and bottled soft drinks. Consumption and output have increased but at a slower rate since 1979. Commerce noted that per capita consumption rose 1.8% in 1981 and another 1.7% last year, compared with the average annual gains of 2.9% from 1972 to 1979.

Between January and August last year, soft drink prices remained relatively constant due to intense industry competition and declining sweetener prices, Commerce noted. As a result, soft drink producers' profit margins suffered.

The industry has acknowledged the declining teenager population and has branched out into product segmentation to increase the total soft drink market among adults—a practice that should continue for the next five years. Sweetened and diet decaffeinated products have surfaced as have plain seltzer

Alcoholic beverages: Trends and projections, 1972-83
(in millions of dollars except as noted)

Item	1972	1977	1979	1980	1981[1]	1982[2]	Compound annual rate of growth 1972-82	1983[3]	Percent change 1982-83[3]
Industry data									
Value of shipments[4]									
Malt beverages (SIC 2082)	4,054	6,653	8,353	9,362	10,425	11,541	–	–	–
Wine and brandy (SIC 2084)	865	1,363	1,954	2,189	2,441	2,707	–	–	–
Distilled spirits (SIC 2085)	1,798	2,296	2,996	3,389	3,741	4,110	–	–	–
Total	6,717	10,312	13,303	14,940	16,607	18,358	–	–	–
Value of shipments (1972 $)[4]									
Malt beverages (SIC 2082)	4,054	5,234	5,709	5,892	6,090	6,352	4.6	6,616	4.2
Wine and brandy (SIC 2084)	865	1,116	1,306	1,311	1,345	1,375	4.7	1,410	2.6
Distilled spirits (SIC 2085)	1,798	1,825	2,119	2,225	2,235	2,341	2.7	2,489	6.3
Total	6,717	8,175	9,133	9,428	9,670	10,068	4.1	10,515	4.4
Total employment (000)									
Malt beverages (SIC 2082)	52	44	44	43	43	41	−2.2	41	–
Wine and brandy (SIC 2084)	9	9	12	11	11	11	1.9	10	−9.1
Distilled spirits (SIC 2085)	18	16	15	14	14	14	−2.0	14	–
Total	79	69	71	68	68	66	−1.8	65	–
Production workers (000)									
Malt beverages (SIC 2082)	34	31	31	31	30	28	−1.9	28	–
Wine and brandy (SIC 2084)	6	5	8	7	7	6	–	6	–
Distilled spirits (SIC 2085)	15	12	12	11	11	10	−4.0	10	–
Total	55	48	51	49	48	44	−2.2	44	–
Average hourly earnings of production workers ($)									
Malt beverages (SIC 2082)	6.11	9.64	12.26	13.09	14.52	16.37	10.4	–	–
Wine and brandy (SIC 2084)	4.08	6.63	6.64	8.16	8.97	9.97	9.3	–	–
Distilled spirits (SIC 2085)	4.63	7.06	8.08	8.23	9.04	10.50	8.5	–	–
Weighted average	5.48	8.68	10.39	11.29	12.45	14.16	10.0	–	–
Capital expenditures									
Malt beverages (SIC 2082)	156	410	645	648	–	–	–	–	–
Wine and brandy (SIC 2084)	44	51	71	59	–	–	–	–	–
Distilled spirits (SIC 2085)	33	36	47	54	–	–	–	–	–
Total	233	497	770	761	–	–	–	–	–
Product data									
Value of shipment[5]									
Malt beverages (SIC 2082)	4,039	6,613	8,491	9,298	10,134	10,986	–	–	–
Wine and brandy (SIC 2084)	851	1,356	1,996	2,284	2,571	2,822	–	–	–
Distilled spirits (SIC 2085)	1,557	1,955	2,575	2,906	3,208	3,525	–	–	–
Total	6,447	9,924	13,062	14,488	15,913	17,333	–	–	–
Value of shipments (1972 $)[5]									
Malt beverages (SIC 2082)	4,039	5,203	5,804	5,852	5,946	6,011	4.1	6,071	1.0
Wine and brandy (SIC 2084)	851	1,112	1,332	1,368	1,408	1,441	5.4	1,480	2.7
Distilled spirits (SIC 2085)	1,557	1,554	1,821	1,908	1,916	2,007	2.6	2,059	2.6
Total	6,447	7,896	8,957	9,128	9,270	9,459	4.0	9,610	1.6
Product price index (1972 = 100)									
Malt beverages (SIC 2082)	100.0	127.1	146.4	158.9	167.5	175.1	5.8	–	–
Wine and brandy (SIC 2084)	100.0	122.1	149.8	166.9	188.0	203.8	7.4	–	–
Distilled spirits (SIC 2085)	100.0	125.8	141.4	152.3	167.4	175.6	5.8	–	–
Trade									
Value of exports									
Malt beverages (SIC 2082)	3	17	30	62	40	31	–	–	–
Wine and brandy (SIC 2084)	2	9	20	30	43	39	–	–	–
Distilled spirits (SIC 2085)	25	53	67	80	86	85	–	–	–
Total	30	79	117	172	169	155	–	–	–
Value of imports									
Malt beverages (SIC 2082)	44	179	365	405	430	490	–	–	–
Wine and brandy (SIC 2084)	230	421	710	809	913	998	–	–	–
Distilled spirits (SIC 2085)	517	632	828	903	1,028	1,009	–	–	–
Total	791	1,232	1,903	2,117	2,371	2,497	–	–	–
Export/shipments ratio									
Malt beverages (SIC 2082)	0.001	0.003	0.004	0.007	0.004	0.003	–	–	–
Wine and brandy (SIC 2084)	0.002	0.006	0.010	0.013	0.017	0.015	–	–	–
Distilled spirits (SIC 2085)	0.016	0.027	0.026	0.028	0.026	0.023	–	–	–
Import/new supply ratio[6]									
Malt beverages (SIC 2082)	0.010	0.025	0.039	0.039	0.038	0.040	–	–	–
Wine and brandy (SIC 2084)	0.213	0.236	0.262	0.262	0.262	0.275	–	–	–
Distilled spirits (SIC 2085)	0.249	0.244	0.243	0.237	0.239	0.216	–	–	–

[1] Estimated except for product price index, exports, and imports.
[2] Estimated.
[3] Forecast.
[4] Value of all products and services sold by industries SIC 2082, 2084, 2085.
[5] Value of shipments of malt beverages, wines, brandy and distilled spirits products produced by all industries.
[6] New supply is the sum of product shipments plus imports.

Source: Bureau of the Census and Bureau of Industrial Economics. Estimates and forecasts by the Bureau of Industrial Economics.

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waters and low-sodium, citrus-flavored sparkling mineral waters, the outlook states.

Last year, soft drink firms spent $300 million on advertising and promotions, a 30% increase, touting the benefits and unique characteristics of new and existing products, Commerce added.

Despite the intense industry competition, the department claims that per capita consumption should not rise significantly this year. "Consumers will probably remain price-wary and discount-oriented" while higher production and marketing costs "will probably limit profit growth." Still, soft drink shipments should rise 2.5% annually between 1982-1987.

Commerce stated that more than a third of all beverage packaging goes into beer in cans and bottles, where two thirds of beer containers are in metal cans. Although the value of metal can shipments dropped 2% last year, unit shipments of beverages increased. Generally, though, metal cans are facing stiff competition from glass and plastic containers.

glass shipments

But glass container shipments also dropped by 3.4% as they felt the competition from plastic bottles which are "aggressively seeking new markets," the department stressed. "The soft drink and beer market uses 57% of the glass containers sold and beer packaging represented nearly two-thirds of the beverage market for glass containers." The department predicts a 2.2% real growth this year for glass containers and a 3% growth rate for 1982-1987.

While the plastic bottle market is indeed growing, the value of shipments were also down 2% last year. But its market share rose thanks to consumer acceptance of PET soft drink bottles. The outlook for plastic bottles "appears bright though obstacles exist." (Specifically, technical improvements are needed for carbonation retention for small-size beer and soft drink markets.) And renewed competition from thin-walled, plastic-coated glass containers may slow the growth in market share for plastic bottles, Commerce said.

The value of shipments should rise 4% this year, with an annual growth rate exceeding 5% through 1987.

Bottled and canned soft drinks

Industry data	
Value of industry shipments (mil $)	16,799
Value added (mil $)	6,459
Total employment (000)	122
Total number of establishments[1]	2,192
Number of establishments with less than 20 employees[1]	906
Percent of industry shipments accounted for by 4 largest companies[1]	15
Major producing states accounting for largest percent of industry shipments:	CA, TX, NY, OH
Product data	
Value of product shipments (mil $)	14,497
Value of exports (mil $)	62
Value of imports (mil $)	41
Exports as a % of shipments	0.4
Imports as a % of new supply[2]	0.3
Imports as a % of apparent consumption[3]	0.3

[1] 1977 Census of Manufactures.
[2] New supply is the sum of product shipments plus imports.
[3] Apparent consumption is the sum of product shipments plus imports less exports.
Source: Bureau of the Census and Bureau of Industrial Economics. Estimates by Bureau of Industrial Economics.

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February 11, 1983

Efficiency

(Continued from page 29)

Other suppliers like R. A. Jones, Marq Packaging and FMC Beverage Equipment Div., are developing microprocessor monitors which cover virtually every function of their packaging equipment.

Other suppliers have taken a different direction, simplifying their units so that sophisticated monitors and operators aren't required.

One of **BI**'s sources raised the question: "I don't think the beverage industry really wants this or is prepared to pay for it.

"Remember when you start putting programmable monitors and controllers into the plant, you've got to be prepared to have the people who can operate and repair those devices ... you're talking about the kind of sophisticated engineer that very few firms have the money to hire ... and there are not that many of them around."

Aseptic packaging requires much more stringent operating efficiencies than other filling lines.

If an aseptic line is down for any period of time— longer than 20 minutes in most cases—the units must be shut down and thoroughly sanitized for about three hours.

One Southern dairy has solved this problem with a computer-assisted program —not one which monitors the equipment in the line, but one that assists in operating and maintaining the line.

The system—reportedly adapted from similar applications in Europe—has a day-to-day schedule of operational and preventative maintenance requirments programmed into the master computer. Each day the operator and the maintenance staff is told what it should be doing and to which part of the equipment.

If a part has to be replaced, the computer directs the people to the proper area of the parts storage area, the proper bin and the right shelf. Once the part has been installed, the computer automatically re-orders the part.

This type of "off-line" program may find wide spread application in the beverage industry. If it achieves the end result of maximizing output and at the same time increasing efficiency, it would make it possible to come to a clearer definition of efficiency and its role in proper plant operations.

Bottled and canned soft drinks: Trends and projections 1972-83
(in millions of dollars except as noted)

Item	1972	1977	1979	1980	1981[1]	1982[2]	Compound annual rate of growth 1972-82	1983[3]	Percent change 1982-83[3]
Industry data									
Value of shipments[4]	5,454	10,007	12,544	13,909	15,230	16,799	—	—	—
Value of shipments (1972 $)[4]	5,454	6,386	6,980	6,785	6,341	6,698	2.1	6,775	1.1
Total employment (000)	121	114	119	118	119	122	0.1	122	—
Production workers (000)	46	43	45	44	43	44	−0.4	43	−2.3
Average hourly earnings of production workers ($)	3.24	4.98	5.94	6.33	6.95	7.62	8.9	—	—
Capital expenditures	207	424	565	652	—	—	—	—	—
Product data									
Value of shipments[5]	4,807	8,504	10,744	11,995	13,128	14,497	—	—	—
Value of shipments (1972 $)[5]	4,807	5,427	5,979	5,809	5,465	5,692	1.7	5,843	2.7
Product price index (1972 = 100)	100.0	156.7	179.7	206.5	240.2	254.7	9.8	—	—
Trade									
Value of exports	3	49	88	84	40	62	—	—	—
Value of imports	1	7	58	31	38	41	—	—	—
Export/shipments ratio	0.001	0.006	0.008	0.007	0.003	0.004	—	—	—
Import/new supply ratio[6]	0.000	0.001	0.005	0.003	0.003	0.004	—	—	—

[1] Estimated except for product price index, exports, and imports.
[2] Estimated.
[3] Forecast.
[4] Value of all products and services sold by industry SIC 2086.
[5] Value of shipments of bottled and canned soft drink products produced by all industries.
[6] New supply is the sum of product shipments plus imports.
Source: Bureau of the Census and Bureau of Industrial Economics. Estimates and forecasts by the Bureau of Industrial Economics.

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Alcoholic beverages	Malt beverages	Wine and brandy	Distilled spirits	Alcoholic beverages
Industry data				
Value of industry shipments (mil $)	11,541	2,707	4,110	18,358
Value added (mil $)	4,487	1,004	2,242	7,732
Total employment (000)	41	11	14	66
Total number of establishments (1977)	131	269	104	504
Number of establishments with less than 20 employees (1977)	40	193	27	260
Percent of industry shipments accounted for by 4 largest companies (1977)	64	49	52	—
Major producing states	WI,CA,NY	CA,NY	KY,PA,IL,CA	
Product data				
Value of product shipments (mil $)	10,986	2,882	3,525	17,333
Value of exports (mil $)	31	39	85	155
Value of imports (mil $)	490	988	1,009	2,497
Exports as a % of shipments	0.3	1.4	2.4	0.9
Imports as a % of new supply[1]	4.3	25.9	22.3	12.6
Imports as a % of apparent consumption[2]	4.3	26.2	22.7	12.7

[1] New supply is the sum of product shipments plus imports.
[2] Apparent consumption is the sum of product shipments plus imports less exports.
Source: Bureau of the Census and Bureau of Industrial Economics. Estimates by Bureau of Industrial Economics.

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